

# Management Ideas



FOR STILL BETTER

RESULTS

RELATIONS

REPUTATION

a monthly newsletter to key executive-leaders  
on practices, possibilities and ideas generally  
for stepped up performance

edited by

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on problem-solving and creative ideas

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## HAPPY NEW YEAR!

**3367 MAN OF THE YEAR:** The Week, a periodical of the Malayala Manorama Group, has been having this "MAN OF THE YEAR" feature for several years now. The Anniversary Special identifies one who is not a headline humanity but who is doing significant work for the disadvantaged in one or another part of India; and writes a detailed note about the good work the person is doing. We suggest you circulate this note on the Man of the Year\* among your colleagues. It is hart-warming reading.

We further suggest that you introduce a MAN OF THE YEAR award with in your company. You can identify from among your colleagues (at all levels) one who is doing 'something for somebody' in a big way, in a consistent way. There are men and women who have space and time for others - others less advantaged than themselves - and to whom they give themselves, their time, their talent and part of their resources. They use their organizing, professional or other social and human skills to contribute to a higher quality of life for some others as well.

You can have a pleasant company function to salute the selected person, to honour her/him.

You can also spread the net wider and honour one such person in your city. You can have a warm public function.

When you implement this idea, please let us have a short writeup and we will be glad to consider publishing it in these columns.

\* For our own note, on this fine person (S. Ramakrishnan of Village Ayakudy) please see items No.3343 and April 1992).

**3368 MANAGEMENT READING:** This is a monthly issued by HRD, NGEF, Bangalore. One of the many innovative practices of Mr. K.P. Prabhakaran, Head of HRD Division, this monthly publication has two pages of material of interest to the supervising and managerial population. Why only two pages? Mr. Prabhakaran, an engineer himself, knows the mind of his fellow engineers in the organization. "A third page will put them off! I am not editing this for scholars or researchers but practising executives who want a few pertinent items at a time. They tell me they have put a few items to work and that they appreciate the regularity."

152nd issue came out last December.

**3369 IN SEARCH OF EXCELLENCE 10 YEARS LATER:** *Tom Peters, who published his best seller In Search of Excellence in 1982, took a second look at the companies he found excellent. Here are his observations:*

Ten years ago, give or take a few days, I got one of the first copies of "In Search of Excellence." A few weeks later, it slipped onto bookstore shelves with little or no notice. A few months after that, you couldn't troop an airplane aisle without seeing several business people reading it.

I was reminded of all that when I heard Wang Laboratories Inc. was entering bankruptcy. Whoops! Wang was one of Bob Waterman's and my "excellent companies," and, frankly, I thought it had the world by the tail. Wang made personal computing appliances before the rest, and seemed well positioned for the shift from centralized to desktop computing. Not so.

Wang wasn't our only fallen star. Just three years after the book's publication, a Business Week cover story claimed about a quarter of our picks had the hiccups. Many that it ripped (Hewlett-Packard Co., The Walt Disney Co.) have bounced back; some (Digital Equipment Corp.) bounced back, then fumbled again. In fact, lots of "our" firms have kept on rolling (Johnson & Johnson, Wal-Mart Stores Inc., Intel Corp., Emerson Electric Co., Mars Inc., 3M, Boeing Corp., Merck & Co. Inc.); a few besides Wang have been blindsided or lost their independence since Business Week had its say (Data General Corp., NCR Corp.); and others have been up and down like yo-yos (Fluor Corp., International Business Machines Corp., Caterpillar Inc.).

What can we learn from the trials and tribulations of these companies during the past 10 years?

1. Changing large institutions, even in the face of clear market

signals, is no lark. It took IBM, Eastman Kodak Co. and Procter & Gamble forever to begin to wake up to long-festering challenges. Perversely, those with the proudest traditions have the toughest times of it. Turning your back on a fabled history is one helluva trick. In fact, my greatest respect goes to chiefs of terrific companies who have been able to keep them terrific (albeit in new ways) despite altered circumstances -- e.g., John Young at Hewlett-Packard.

2. Savaging bureaucracy is a must. It's tiresome to read endless diatribes against bureaucracy. That's what Waterman and I thought, so we left the issue on the back burner. The first of the book's eight basics, "a bias for action," is implicitly anti-bureaucratic. But, still, we weren't fanatics about the perils, in particular, of bloated headquarters. We -- and the chiefs of many firms we examined -- didn't harbor the revulsion toward bureaucrats that's marked Percy Barnevik (Asea Brown Boveri Inc.), the Mars brothers (Mars Inc.), Chuck Knight (Emerson Electric Co.), Mike Walsh (Tenneco Inc.). We didn't fathom that "close to the customer," for example, was so much blather unless you destroy 90 percent of the headquarters staff (and perhaps the headquarters itself), thoroughly entwine local units with their customers -- and then hold those units fully accountable for results.

3. Adaptation is unlikely without radical surgery. To be "good" at something in the first place, you must form deep grooves -- TQM, low-cost production, etc. But by being good (focused), you automatically make yourself vulnerable to new approaches by new competitors from new places.

This is the ultimate business paradox. Waterman and I looked at several decentralized firms that dealt better than most with the paradox -- notably 3M and Johnson & Johnson. But we badly underestimated the demands for adaptivity. In a recent column, I touted Thermo Electron Corp., which sells the public a minority interest in subordinate units in an effort to keep entrepreneurial zeal alive. Such exceptional strategies (all the way to total, voluntary breakup), I now believe, are the best hope for big outfits. (And overall, there isn't much hope for big firms -- perhaps the most painful lesson I've learned in the past 10 years.)

4. Listening to customers is no panacea. Few companies were in touch with their customers when "Search" appeared. Alas, little has changed. So the need to reach out remains high (hang out in the marketplace, like Wal-Mart execs). But there's also a case for going your own way. In crowded markets, "close to the customer" often deteriorates into a string of "me too" products; after all, what consumers can tell you they want what they've never imagined -- desktop publishing, Velcro, Post-Its?

5. Looking at the right "models" is imperative. Many stars of "Search" still shine brightly (whew!). But are they defining tomorrow? Rarely. The book's chief failure, in retrospect, was that Waterman and I -- both from conventional roots -- mainly examined conventional firms. But these are not conventional times. In the age of brainwork and constant change, we should be studying nonconventional organizations -- professional service firms (Chiat/Day/Mojo, EDS), CNN and movie companies, and "new network" firms (from Management Maximizers, to MCI and Sun Microsystems).

Some of these outfits may stumble, but they all provide pathbreaking organizational approaches for our volatile, knowledge-based society.

We missed or glossed over other things, such as the onrush of globalism. But the point is neither to defend nor denigrate 1982's work. "Search" provided a challenging message. Many of its lessons are timeless, yet almost all beg re-examination in light of new conditions.

Hats off to 1982's "excellent" chiefs who saw the need--and then had the gumption -- to change. My condolences to the rest.

Courtesy: Business Journal

**3370 TO KEEP GROWING, TO KEEP HEALTHY:** *Venture capital firms are just coming up in our country. Where they have come of age, it is found they are in the unique position to watch some companies rise to spectacular success while others burn down.*

*Norman Fogelthong who in his 12 years of funding new companies has seen his share of triumphs and fiascos, offers these seven points as management tenets to live by for fast-growing companies:*

- { } Stay focused. Now that you're successful, your competitors will be zeroing in on you. Continue to emphasize what the company does well, and stay in touch with your customers.
- { } Foster an entrepreneurial "cando" approach to solving business problems. Avoid creeping bureaucracy.
- { } Pay attention to your competitors, both large and small. Every company is vulnerable to innovation in the marketplace.
- { } Think globally. In today's business environment, major markets are frequently overseas.
- { } Don't take yourself too seriously. And don't believe your own public relations. Corporate arrogance usually precedes a business collapse.
- { } Think long-term. After an initial public offering, avoid undue emphasis on the day-to-day fluctuations in the stock price. Encourage all employees to work together to build a valuable company over the long haul. Wall Street places the greatest premium on stable earnings growth over time.
- { } Stay involved. Fast growth requires good leadership and good management. If the chief executive no longer wants to meet these challenges, he or she should step aside and make room for younger, fresher talent.

**3371 RECOMMENDED READING:** MOVING MOUNTAINS by General William G. Pagonis and Jeffrey L. Cruikshank, Harvard Business School Press, \$24.95 (248 pages).

Thanks to CNN many of us 'saw' the Gulf War. The author is one who fought this war - back stage. Of him and his men, General Schwarzkopf said commendable things. "It was an absolutely gigantic accomplishment

and I can't give credit enough to the logisticians and the transporters who were able to pull this off."

Says the author: "There was leadership exercised in the 22nd Support Command, at every level. To some extent, my troops drew upon the good lessons that they had learned from me, and that I in turn learned from others. Equally important, I drew on what I had learned from them.

"This book is about all of those lessons. I hope it will be of interest to practitioners of business...

"Except to the extent that the Army is a business, I haven't been in business ... But to those logisticians in business who are looking to our example to provide their company's next competitive advantage - and I think they can, in many cases - I will try to provide a clear roadmap." The General keeps his word. We found the book rewarding reading. We commend it to every 'student' of leadership, management and logistics.

BEYOND THE HYPE by Robert G. Eccles, Nitin Nohria and James D. Berkely. Harvard Business School Press. \$24.95 (280 pages)

What is new? That is the question even academics attempt to answer in our market-driven world. It calls for courage to ask: What is reliable? What is relevant?

The authors - all of them from the Harvard Business School and one of them hailing from India - have remarkable openness and space.

Instead of proving their 'truth', they have gone in search of truth and the search has led to a refreshing book.

This is a real world book. When their field research suggested that they revise their theories or even their study-goal, they did. When they found simple truths, simply practised, with significant success, they accepted - almost with joy. For example, they advocate a management style of robust action that combines fast, enlightened decision making with preservation of flexibility.

One of their major field research finding is the power of rhetoric, the power of words - words that speak conviction, words that speak action.

We commend this book. It goes way behind the hype and focuses on perennial 'rules' of managing men and affairs.

**3372 AN ELECTRONIC TRANSLATOR:** *One can keep wishing for a language that everybody speaks everywhere. A workable alternative is an electronic translator. That is what a Japanese firm has come up with. The following extract is from THE NIKKEI INDUSTRIAL DAILY.*

The tourist pantomime. Just about everyone has witnessed these impromptu skits which are performed daily in front of nonplused taxi drivers and hotel doormen the world over.

Somehow, the flailing arms and intense facial gestures just don't seem to get the message across.

But a new device put on the market in late July by Fuji Xerox Co. threatens to make the theatrics of foreign travel a quaint historical footnote.

With the push of a button, the Ryucho electronic interpreter emits a lucid "Take-me-to-the-airport," or "Please-leave-this-bag-for-me" in fluent English, Spanish, French and a number of other European languages.

Aside from breaking down language barriers, the pocket translator may also have pioneered an entirely new field -- audio communication devices.

A joint venture between Fuji Photo Film Co. and Xerox Corp.'s UK subsidiary Rank Xerox Ltd., the Tokyo-based company's mainstay product line is office copiers.

The electronic translator is the brainchild of the company's Home-Office-Personal division, which was set up in 1988 to utilize in-house technology and expand product lines.

"Every month we came up with lots of new ideas for products like small fax machines or a combination copier, printer and fax machine," reflects Yasuhiro Onishi, director of the division.

The impetus for developing Ryucho came when the division learned of the activities of Selectronics Inc., a U.S. spinoff from Xerox that was developing sound compression technology. "We realized that our company was not limited to devices that used written communication to convey people's ideas," Onishi explains. The division began working to utilize this new technology, and what resulted was the design for what eventually became Ryucho.

Ryucho comes in two models, one specializing in Japanese-English translation and one for Japanese and a grabbag of other European languages. Both are priced at ¥ 31,800 (\$250).

The Japanese-English version has 2,500 sentences in 13 categories, including basic expressions, lodging, meals and emergencies. The second model, dubbed Ryucho Eurotravel, stores 635 sentences under seven categories.

To use the device, the traveler selects the area and then the sentence that best conveys what he wants to say, and then presses the "sound" button. Ryucho then "speaks" in the foreign language. All data can be stored on a 2-megabyte read-only memory because the sound compression technology utilized compresses the data to as small as one-tenth the full size.

The manufacturer also claims the speed of this electronic translator is an important advantage. In addition to sentences appearing instantly as they are summoned, phrases can also be looked up using key words, according to the company.

Sentences were selected from a travel dictionary published by Japan Travel Bureau Inc. The Spanish and Italian versions were evaluated on 60 points by native speakers, and then revised four times based on their comments.

The company attracted a lot of publicity by presenting the device to Japanese athletes taking part in the recent Summer Olympics in Barcelona, and, as a result Ryucho quickly sold out. A tollfree phone line Fuji Xerox operates in support of the product has received about 400 calls a day.

Fuji Xerox says the next models to come will be for Asian languages, following which the company intends to develop, as a public service, versions for users with speech impediments and other such handicaps.

**3373 MAKING SALES REPS TICK:** At many companies, sales training programs focus on improving reps' productivity without considering their job satisfaction or career development.

That's beginning to change. Some of the largest companies in U.S.A. - including Pitney Bowes Inc., Hewlett-Packard Co. and Amdahl Corp. -- are zeroing in on reps' individual needs, objectives and job expectations.

These companies are using a sales training program developed by Blessing/White Inc., called MPG, for Managing Personal Growth.

Here's how MPG works:

- \* Working separately, each rep and sales manager completes a list of skills that ranks the importance of more than 70 skills that define the rep's job and capabilities. Examples of skills categories are sales planning and account management.
- \* Reps attend a one-to-two-day workshop where they compare their skills inventories to ones completed by the sales manager and examine their own goals vis-a-vis the company's goals. From this exercise emerges a plan from which the reps develop personal development strategies.
- \* The rep initiates and conducts a development discussion with the sales manager within 10 days after the workshop. The discussion is a frank talk between associates rather than one between a superior and subordinate.
- \* The rep meets with the sales manager three or four times annually to evaluate progress and redefine the next action steps.

Unlike other sales training programs, MGP is aimed at longterm results.

### **3374 LAUGHING MATTER?**

A young boy anxiously reviewing his grades at the end of the school year realized he had not performed up to the expectations of his parents.

In attempts to soften the year-end lecture he was sure to receive about working harder and studying more, the youngster presented his report card to his father saying: "Here's my report card father and one of yours I found in the attic."